

MILK: Production Costs and Returns, per cwt sold, 2002-2003

Item	Heartland 1/		Northern Crescent 2/	
	2002	2003	2002	2003
	Dollars per Cwt.			
Gross value of production				
Milk	12.33	12.93	12.91	13.41
Cattle	1.41	1.65	1.14	1.28
Other income 3/	0.82	0.97	0.66	0.75
Total gross value of production	14.56	15.55	14.71	15.44
Operating costs				
Feed				
Feed grains	2.24	2.35	1.45	1.49
Hay and straw	2.77	2.54	1.31	1.35
Complete feed mixes	0.90	0.96	1.16	1.25
Liquid whey and milk replacer	0.10	0.11	0.09	0.10
Silage	0.76	0.77	0.95	0.91
Grazed pasture and cropland	0.13	0.13	0.07	0.07
Other feed item 4/	1.64	1.59	1.23	1.29
Total feed costs	8.54	8.45	6.26	6.46
Other				
Veterinary and medicine	0.76	0.78	0.78	0.81
Bedding and litter	0.22	0.23	0.23	0.24
Marketing	0.22	0.22	0.31	0.32
Custom service	0.53	0.54	0.48	0.49
Fuel, lube, and electricity	0.49	0.56	0.51	0.58
Repairs	0.60	0.60	0.62	0.64
Other operating costs 5/	0.00	0.00	0.00	0.00
Interest on operating capital	0.10	0.06	0.08	0.05
Total operating costs	11.46	11.44	9.27	9.59
Allocated overhead				
Hired labor	0.81	0.85	1.28	1.38
Opportunity cost of unpaid labor	5.79	5.90	5.27	5.29
Capital recovery of machinery and equipment 6/	4.75	4.71	4.25	4.29
Opportunity cost of land (rental rate)	0.09	0.09	0.08	0.08
Taxes and insurance	0.20	0.20	0.22	0.23
General farm overhead	0.60	0.61	0.64	0.66
Total allocated overhead	12.24	12.36	11.74	11.93
Total cost listed	23.70	23.80	21.01	21.52
Value of production less total costs listed	-9.14	-8.25	-6.30	-6.08
Value of production less operating costs	3.10	4.11	5.44	5.85
Supporting Information				
Milk cows (head per farm)	60	61	69	70
Output per cow (pounds)	18,533	18,564	19,829	19,852
Milking frequency greater than twice per day (percent of farms)	1.82	1.95	3.09	3.13
Homegrown feed cost (percent of total feed cost)	59	59	49	0.08
Milk cows injected with BST (head per farm)	10	11	14	0.23

1/ The Heartland Region includes MN Agricultural Statistics Districts (ASD) 4, 7, 8, and 9, SD ASD 6 and 9, NE ASD 3 and 6, IA, MO ASD 1, 2, 3, 4, 5, and 9, IL, IN, KY ASD 1 and 2, and Ohio ASD 1, 4, 5, 7 and 8. The first data available for the Heartland Region is 2000.

2/ The Northern Crescent Region includes New England, New York ASD 1, 2, 3, 5, 6, 8 and 9, Ohio ASD 2 and 3, MI, WI and MN ASD 2, 3, 5 and 6. The first data available for the Northern Crescent Region is 2000.

3/ Income from renting or leasing dairy stock to other operations; renting space to other dairy operations; co-op patronage dividends associated with the dairy; assessment rebates, refunds, and other dairy related resources; and manure production.

4/ Cotton seed meal, protein supplements, protein by products, vitamin or mineral supplements, nonprotein byproducts, alfalfa cubes or pellets, green chop, corn stalks, and antibiotics and other medicated additives.

5/ Manure disposal fees, permits, licenses, and odor control costs.

6/ Machine and equipment, and housing, manure handling, and feed storage structures, and dairy breeding herd.

Source: Economic Research Service, United States Department of Agriculture, Washington, D.C.
Internet Web Site (www.ers.usda.gov/data/)